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# MARKETING ACTIVITIES



U.S. DEPARTMENT OF AGRICULTURE  
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## IN THIS ISSUE:

### BETWEEN FARMER AND CONSUMER

By Row W. Lennartson . . . . . Page 3

Marketing is the link between production and consumption. The author, who is Assistant Administrator for Marketing, PMA, traces the work done to solve problems in agricultural marketing under the Research and Marketing Act.

### STORING SOYBEANS

By C. B. Gilliland . . . . . Page 8

Will it pay a grower to sell his soybeans as soon as they are harvested, or should he store them for a while?

### BRANDING FLUID BEATS WINTER

By George C. LeCompte . . . . . Page 12

Looks as if cold-weather branding with the new USDA sheep branding fluid won't be a problem any more.

NEW REGULATIONS FOR BUILDING WITH STEEL, COPPER, ALUMINUM . . . Page 14

DEFENSE NOTES . . . . . Page 15

MARKETING BRIEFS . . . . . Page 18

ABOUT MARKETING . . . . . Page 20

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## MARKETING ACTIVITIES

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# Between Farmer and Consumer

By Roy W. Lennartson

For half a century the U.S. Department of Agriculture worked on problems of marketing. Grading and standardization of farm products, market news services, marketing agreements, and regulatory acts to prevent fraud were among the services developed to meet the essential needs of the marketing system. Those services, however, were not enough to keep pace with production and population. The Congress in 1946 recognized the need and enacted the Research and Marketing Act.

A major objective stated in the act is ". . . to promote through research, study, experimentation. . . a scientific approach to the problems of marketing, transportation, and distribution of agricultural products, so that such products capable of being produced in abundance may be marketed in an orderly manner and efficiently distributed."

## Long-Range Program

The long-range program is based first on the knowledge of marketing accumulated in the Department over the years. Second is the selection, in consultation among Department officials and committees representing agricultural industries, of the problems for which solutions are most needed. The problems and the plans for their solution are specified formally in project descriptions, which determine the lines along which the work is to proceed. The marketing service programs involve constant and direct contact with farmers and businessmen who deal in farm products, and is an important source of information on marketing and its problems.

The market news service, for example, is Nation-wide. It furnishes information concerning prices, supplies, and marketing trends in nearby and distant markets to producers and traders. The development of standards for grades requires of the workers a knowledge of the elements that make up good quality and attractiveness to the consumer in nearly all farm products. Actual grading and inspection work gives an opportunity to learn the problems of the trade directly from those taking part in the commercial transactions.

From those roots and from periodic conferences of Department workers and representatives of agricultural industries has grown a list of projects to develop new services and to improve the older functions. Cotton, wool, grain, livestock, fruits, vegetables--the whole range of farm products--are touched by the new endeavors.

The projects to improve the movement of products from farm to consumer are in five groups:

First, improved collection and dissemination of basic information on supplies, prices, and the movement of farm products.

Second, expansion of outlets for farm products at home and abroad.

Third, analyses of marketing operations and of the costs and margins associated with them.

Fourth, improvement in the preparation and handling of farm products.

Fifth, evaluation and improvement of the facilities and practices employed in marketing.

The meaning of marketing in this program is comprehensive. It includes the preparation of commodities for sale from the farm, their assembly, transportation, packing, packaging, processing, preservation, storing, wholesaling, and retailing--all the steps between producer and consumer. It includes marketing services, facilities, trade practices, and trade barriers.

There has not yet been time for the broader studies to go fully into all aspects of our marketing system, but some of the early results exemplify the scope of the work.

Among the first developments was a study of the economics of pre-packaging sweet corn in Florida for sale in many States. This study revealed possibilities for a large trade in sweet corn grown in the South in winter. The corn kept its high quality when it was properly refrigerated. Housewives reported that they liked it and found it reasonable in cost. The study demonstrated some interesting possibilities: (1) An additional delicacy might be placed on dining tables throughout the country in seasons when it had not previously been generally available. (2) It is not necessary to ship the corn husks and trimmings, as has usually been done, but the husks can be used in feeding livestock at the point of production. (3) Spoilage can be reduced materially below the usual rate.

### Training Courses

Intensive training courses for retailers of fresh fruits and vegetables have reduced the rate of spoilage of perishables and increased the sales of more than 95 percent of the retailers who reported on results. The training includes instruction on handling of such produce, its preservation overnight, effective display methods, and other practices conducive to less waste and greater sales. Within 2 years after the courses were begun, some 15,000 grocers had taken the training. A survey among them showed that many had adopted in their stores the practices recommended in the courses. Some of the men remodeled their entire produce departments in order to apply the methods more effectively.

A study of self-service merchandising of prepackaged meats provided a guide for retailers who were considering the conversion of their meat departments to the self-service basis, threw light on the costs involved



in such a change, and listed the problems that required particular attention.

The value of white potatoes as feed for livestock, particularly the small and low-grade potatoes that sometimes get into commercial channels and discourage purchasers, was pointed out as a result of another study. Numerous feeding tests and experiments in which potatoes were used as part of the rations for cattle, hogs, sheep, and other animals were summarized, disclosing that such feeding can be profitable to both potato and livestock growers when the size or quality of the product fed is low, and, sometimes, when markets are oversupplied. The report on the experiments set forth that milk production often increased sharply and beef cattle and hogs gained weight fast when potatoes formed a part of the usual rations. The death rate for lambs was reported to be lower when potatoes were included in the rations of ewes.

The quality and staple lengths of cotton most widely used in making each of several major textile products were surveyed in another study. The findings provided a guide to the kinds of fiber regarded as best for the different products and indicated the probable demand for cotton of the various kinds. The results thus may be useful to mills and cotton producers.

#### Marketing Costs and Margins

A series of investigations of marketing costs and margins pointed out marketing operations in which there is a wide spread between what the farmer receives and what the consumer pays. This type of study indicates the areas in which work might be done to develop more economical marketing practices so that the price spread can be reduced to the advantage of producer, tradesman, and consumer.

Surveys of wholesale produce markets in several cities provide bases for needed improvements in facilities and practices. New markets have been built in Jackson, Miss., Trenton, N. J., and Greenville, S. C. in line with Department recommendations. Improvements have been made in existing markets in other cities, and construction of new markets is under way in still other cities.

Examples of work in progress include studies of many operations. Among them are: Transportation costs, their effects on marketing, and ways to reduce them; development of new and improved standards for grading products; prepackaging perishable foods; equipment and methods for packing and loading farm products for transportation; improvement of cotton-ginning equipment and methods; the preparation of wool for market; the effects on the citrus industry of the rapid growth in marketing frozen orange-juice concentrate; more efficient refrigeration of fresh fruits and vegetables; ways to retard flavor deterioration and staling of bread; and ways to reduce egg breakage and deterioration during marketing.

Some of that work is being done outside the Department, for the Congress granted authority to draw upon the abilities of private research agencies as well as those of the Government itself. Research outside the

Department is accomplished through a provision in the act that permits contracts with private agencies or individuals to carry on studies that can be handled better or at less cost in that manner.

The State agricultural colleges, experiment stations, extension services, and departments of agriculture and bureaus of markets cooperate in the program. State departments of agriculture and bureaus of markets undertook work on various problems. They include improvement of the processing of cotton, diversion of low-grade sweetpotatoes for use as livestock feed, better grading and packing of berries and fruits and vegetables, stimulation of the demand for prunes, surveys of prospective supplies and qualities of grains on a county basis, and stimulation of better practices in marketing livestock. The program generally aims at improving marketing practices and facilities on a local, State, and regional basis.

One of the regional studies showed that one-third of the eggs from the principal producing region were below Grade A at the time the producers sold them. Suggestions were made for faster handling, better cooling, and other improved practices. Another project investigated the quality of potatoes in marketing channels and pointed out to traders the causes of deterioration. Another study disclosed that people would eat more sweetpotatoes if the supply was steady and good.

#### Market News

The older services are being improved at the same time. The market news services now operate through a Nation-wide system of field offices, most of which are connected through a 10,000-mile network of leased wires. The Production and Marketing Administration gathers and disseminates market news on the supply, demand, movement, quality, and prices of livestock, meats, wool, fruits, vegetables, dairy and poultry products, grain, hay, feed, cotton, cottonseed, tobacco, rice, honey, and other agricultural products. In 1950 some 1,200 newspapers and 1,172 radio stations carried this news daily. It was disseminated also by telephone, telegraph, personal contacts, and bulletin boards.

To help make possible the movement of large quantities of foods from producer to consumer at reasonable cost, designations of grades of products have been developed. They provide precise and acceptable definitions of quality so that producers and dealers miles apart may deal confidently. The several hundred grades now in effect for numerous commodities are always under scrutiny so that they may be kept abreast of changes in production and marketing. Billions of bushels of grain, millions of bales of cotton, and many billions of pounds of other products are graded annually.

To facilitate the orderly marketing of milk and certain fruits and vegetables and tree nuts, the U. S. Department of Agriculture and industry cooperate in a system of marketing agreements and orders. The



marketing program for milk, for instance, involves the regulation of the prices paid to producers. For some other commodities also, it involves regulation of the prices paid to producers. For still other commodities, it involves regulation of the quality or volume of the commodities moving to market. Action leading toward the establishment of such regulation normally starts with the industry that is in trouble. Details are worked out, and the producers, the trade, and the Department take part in developing the lines of action to be followed. The result usually is an orderly flow of goods to markets where they can be absorbed, the maintenance of quality in the goods the consumer receives, and the prevention of violent swings in price levels. Two-thirds of the eligible producers, either by number or volume, who participate in the referendum must vote favorably before a marketing order can be issued. For certain products, a favorable vote of 75 percent is needed.

Regulatory activities in the interest of fair dealing constitute another Nation-wide function. They are based on the principle that the advantages that accrue to agriculture from production and service programs would be canceled by a marketing system that allowed some persons to benefit at the expense of others. The fruit grower who turns his apples over to a commission merchant is entitled to a correct accounting for the sale of his property. The purchaser of seeds has to rely upon the quality indicated by the label. The user of insecticides should be able to rely on the claims made for the product. To make sure that there could be such reliance, the Congress adopted several regulatory measures dealing with the marketing and distribution of agricultural products. These regulate the business practices of dealers who handle the farmer's products at the market place and the truthfulness of labels on goods sold. For some products, they require the promulgation of standards and their use in interstate commerce under inspection laws.

These few examples of the many aspects of the marketing work in the Department of Agriculture suffice to indicate the new trend and shift in emphasis toward greater activity in solving growing problems of marketing. Greater and broader activity in marketing research and service work is well under way. At the same time, there is a trend toward the welding of individual projects and compartmentalized work into a single Nation-wide pattern of marketing.

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#### STAMBAUGH TO ASSIST ON AGRICULTURAL DEFENSE REQUIREMENTS

Secretary of Agriculture Charles F. Brannan in July announced the appointment of John H. Stambaugh as a special assistant in connection with agricultural defense requirements. A farmer, businessman, and former USDA official, Mr. Stambaugh will assist in the preparation and presentation of requirements for materials and facilities which are vital in the production and handling of food and other agricultural commodities. He will work with PMA and other Department units which establish agricultural needs, and with the mobilization agencies which determine allocations and priorities for materials and facilities.

# Storing Soybeans

By C. B. Gilliland

A farmer can increase his net returns on soybeans most years by storing the crop at harvest for later sale. That is the outstanding conclusion in a U. S. Department of Agriculture report entitled, "Improving Soybean Marketing Through Farm Storage," which covers a study in the economics of soybean storage.

## When Was Storage Profitable?

Soybean storage paid well in three of the four postwar years, 1946-47 to 1949-50. In 1948-49, despite falling general prices, soybean prices covered storage costs the first 2 months of storage, and were at profitable levels again 10 months after harvest. During the 11-year prewar period (1930-31 to 1940-41), storage was profitable each crop year except in the three depression or recession years of 1930, 1931, and 1937. Although storage costs ordinarily remain fairly stable from year to year, both the level and the seasonal movement of soybean prices varied greatly from one year to another.

During these years, the seasonal price pattern, the month of peak price, and the spread between low and high prices all varied considerably. Seasonal peak prices average about 40 percent higher than prices at harvest time for the prewar 10-year period and 20 percent higher than at harvest time for the postwar 4-year period. Soybean storage was of doubtful profitability or resulted in a loss only in those years when the general price level declined.

If, for example, a farmer stored 1,500 bushels in each crop year 1946-47 through 1949-50, by selling his beans at the average December-January price he could have earned \$1,800 more than by selling at harvest time. If he had sold at the average March-April-May-June price, his earnings would have been \$2,300 extra. By anticipating the market well enough to sell within 25 cents a bushel of the seasonal peak price, he could have earned \$3,000 or more.

These figures represent the average net profit for holding soybeans in each of the 4 years, after paying storage costs. The seasonal peak prices occurred in March 1947, January 1948, August 1949, and July 1950. Farmers who might have sold 1,500 bushels from storage at peak prices could have earned \$4,500 extra. The value of this quantity of soybeans at harvest averaged about \$15,000 for the 4 years.

The figures indicate that soybean farmers have a profit incentive to heed the Secretary of Agriculture's earlier recommendations that farmers increase their grain storage facilities.



Industry's interest may be served by harvest-time storage because, as Secretary Brannan says, "Farmers themselves can do much to cushion the shock on transportation facilities that are already overloaded." The Secretary announced in March that the Nation then had the highest box-car deficit in history--24,500 cars below average daily demand. And although a fair share of those cars available were being used in the marketing of agricultural products, "there just aren't enough cars to meet all demands." The box car shortage improved between March and July, but since July, shortages have been increasing again.

### Expansion of Production

Each year since World War II, production of soybeans for beans has exceeded 180,000,000 bushels, with a record 287,000,000-bushel harvest in 1950 and a near-record crop indicated for 1951. Early in World War II, soybean production had doubled 1939 levels and in 1942 it exceeded cottonseed production for the first time. The major portion of U. S. soybean production is concentrated in limited areas which have a short harvesting period and a rapid accumulation of beans. About two-thirds of the soybean crop is marketed in October and November. This heavy volume of harvest-time selling contributes to a high seasonal demand for freight cars and results in congestion at country elevators, terminal markets, and processing plants.

This vast expansion and accompanying harvest-time marketing in just a single agricultural commodity has been one cause of the current bottleneck in transportation. By holding his soybeans and selling perhaps several months after harvest, the farmer can do much to relieve the excessive harvest-time demand for transportation facilities and at the same time profit by it--particularly where he already has satisfactory storage facilities.

Farmers' direct interest in soybean storage is the effect which storing--and the more orderly marketing schedule which storage permits--may have on net profits. Soybean growers can avoid selling at depressed harvest-time prices simply by storing the beans for later sale. The depressed prices they obtain by selling immediately upon harvesting reflect the excess of beans offered for sale relative to quantities buyers wish to purchase. This involves both crushers' inventory risks, and, by mid-harvest, the inability of country elevators to ship or to store the soybeans as rapidly as they are delivered from farms. Widespread adoption of improved marketing schedules obviously rests with the farmers themselves, and their recognition of storage profitability. Because of this, analysis of the returns and costs of storage is important.

Both returns and costs are influenced by the condition of the soybeans and their storage requirements. Deterioration in the quality of the beans while in storage can involve extra cost and result in a lower selling price. Even though the effect of quality differences can be reduced by blending various lots of beans in crushing, variations in quality affect soybean values through their influence on processing costs and product yields.



Cost differences are small between storing on farms and at commercial elevators. But the availability of commercial capacity is important. For storage periods of 4 months or less, total storage costs are less at elevators. For 5 months to a full year's storage, costs are less on farms.

Elevator storage costs can be compared with three farm storage costs: In-and-out handling, shrinkage, and insurance and risk. In addition, some States impose property taxes on both types of storage. For farmers who have to borrow to finance storage costs, the credit cost also would be involved.

If elevator storage is used, the day-to-day question of holding or not holding the stored soybeans depends on two factors: The anticipated increase in prices and the monthly storage charge. In States with property taxes, the anticipated increase in soybeans prices must also be measured against the tax if the soybeans are in storage on the tax assessment date.

### Taxes, Interest, and Insurance

The minimum cost of continuing to hold farm-stored clean soybeans in tight bins would be property tax on the assessment date. There would also be interest expenditures if the farmer had borrowed on his stored soybeans, and insurance costs if his crop were insured.

Unless farm storage is used for 4 months or less, country elevators appear less costly--at current elevator storage charges--than storage on the farm. But cost savings are obviously important only to the extent that net returns are increased. Off-farm storage requires that elevator storage space be available for farmers' use and that unloading capacity at elevators be sufficient to handle the beans as they are brought in by farmers. Many farmers may feel that the slight extra cost of farm storage is the price of being sure that they will be able to store at all, rather than at seasonally depressed prices. Since many country elevators limit storage for farmers to 6 months, some farmers may prefer farm storage because of greater flexibility in the time of sale.

Because soybeans, unlike feed grains, ordinarily must be sold before their market value is realized, there are also advantages in storing the beans on the premises of the buyer. These include convenience in financing storage and convenience in selling. Some farmers report storing soybeans at elevators in order to "sell a little bit whenever I need the money--banking at the elevator."

Investments in farm storage buildings and equipment, and annual marketing decisions regarding their use, are made mostly in relation to the major crops and enterprises. Farms in the cash-grain counties (where the heaviest concentration of soybean production occurs) usually have insufficient storage space to hold all the grains grown, corn excepted. Among the apparent causes are the desire for early cash returns from harvest selling and the reluctance of many farm owners, particularly non-operating owners, to invest more than necessary in buildings. This

is because of difficulty usually experienced in obtaining adequate building rental and in recovering book value of buildings when farms are sold. The attitude frequently reported is that a farm with adequate buildings from the farm-operating viewpoint is overbuilt from the farm sale viewpoint.

Whenever farm storage space is available, cost considerations favor its use rather than elevator storage. And once soybeans are in farm storage, even in temporary space such as crib driveways, it is cheaper to keep them there until time of sale. Shrinkage and handling costs will have already been incurred.

With suitable facilities, actual on-farm storage costs are low. Total storage costs for 3, 6, and 9 months are, respectively, about 4.5, 6, and 7 percent of harvest-time prices. Peak soybean prices averaged 20 percent more than harvest prices over a 4-year postwar period. Total farm storage cost, for soybeans valued at \$3 per bushel, ranges from 7.8 to 10.3 cents per bushel for 3 months, depending on type of bin; from 9.6 to 12.2 cents for 6 months; from 11.3 to 14.0 cents for 9 months; and from 13.0 to 15.8 cents for 12 months. Excluding the charge for use of storage space, farm storage cost ranges from 5.6 to 5.7 cents for 3 months, 7.4 to 7.6 cents for 6 months, 9.1 to 9.4 cents for 9 months, and 10.8 to 11.2 cents for 12 months. Combined charges for handling and for use of farm storage space, which are unaffected by the level of soybean prices, range from about 3.5 cents to 6.0 cents per bushel.

Increasing their net profit through careful timing of soybean sales is important to all soybean farmers. Only a few can profit from early harvesting; its general adoption would merely cause an earlier seasonal price decline. But many farmers can store soybeans at harvest for sale during the period of usual price recovery in the winter and spring.

The idea that it would pay all soybean producers to store all of their soybean crop is no more trustworthy than the idea that the whole crop should be sold at harvest time. Farm storage of soybeans will pay under favorable circumstances and with wise harvesting and storage practices. Consequently many farmers willing to expend effort in adopting good practices and in careful management of their storage enterprises can earn extra profits from the more orderly marketing schedule.

The study was conducted with funds made available under authority of the Research and Marketing Act of 1946. A copy of the report describing it is available at the Office of Information Services, Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C.

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DICE NAMED PMA DEPUTY ASSISTANT ADMINISTRATOR FOR MARKETING

Gus F. Geissler, PMA administrator, has named George A. Dice as deputy assistant administrator for marketing. Mr. Dice had been deputy director of the PMA Sugar Branch.



# Branding Fluid Beats Winter

By George C. LeCompte

An improved formula for the scourable sheep branding fluid recently developed through USDA research seems to have whipped the cold weather difficulties encountered with the formula that was described in the August 1950 issue of Marketing Activities.

As pointed out when the formula was originally announced, the branding fluid which had performed excellently as to both durability and scourability has a fault of stiffening excessively in cold weather.

## New Formula

The new formula adds rosin, monoethanolamine, and water to the lanolin base. The pigment proportions for obtaining different colorings remain about the same. Carbon tetrachloride has been dropped from the improved fluid.

Preliminary work in the laboratory indicates that the new formula, which still uses lanolin as a base, is more fluid at low temperatures and is as scourable as the original mixture. It has the added advantage of being less costly to produce.

Branding fluids with other variations from the USDA tested and proved formula are being marketed commercially, but the Department is not in position to make recommendations as to the scourability of any fluids that do not specifically follow the USDA formula.

Field experiments now under way at the Bureau of Animal Industry Sheep Station at Dubois, Idaho, should prove conclusively by early 1952 whether or not fluid made on the basis of the USDA improved formula retains both its durable and scourable characteristics. The durability of various colorings is now being tested on the Dubois flock. The tests will prove whether the brands can be readily identified after several months' exposure to the rigorous Idaho climate. However, there is good reason to believe on the basis of laboratory work done thus far that durability of the fluid was not impaired in the effort to improve usability in cold weather.

The scourability of the fluid will be put to a practical test next spring when the wool from the Dubois sheep are processed in a commercial scouring plant. Here again, laboratory work done thus far seems to indicate that the wool will scour without difficulty.

As pointed out in Marketing Activities for August 1950, suitable brands on sheep have long presented a serious problem to both the wool



producer and processor. Of necessity, the sheep owner must have some method of identifying his animals. Paint, oil, and other substances, although they brand adequately, are a plague to the industry because they stick to the wool too well.

If wool after it is cleaned still contains the brand paint, the processor must eliminate the paint to avoid unsightly spots and smears in the wool fabric. Taking these spots out of the fabric is a costly hand process that requires dry cleaning or hand spotting. Often buyers discount the price of wools because of this paint. One woolen mill estimates that the removal of unscourable brands costs as much as one cent a pound on all the wool it handles. If this estimate is applicable to the total national clip, the cost might be as much as \$3,000,000—a considerable fraction of which comes out of producers' returns for wool.

A branding fluid to be scourable must have completely contradictory characteristics. It must stay on the sheep's back in the most trying and difficult weather, and it must resist completely all attempts of sun, air, and moisture to dislodge it. At the same time, to be truly scourable the brand should dissolve completely and rapidly when it comes in contact with the hot alkaline baths used in the wool scouring process.

After exhausting a long list of possible materials that might fill this contradictory role, the wool laboratory of the PMA Livestock Branch turned to a product of sheep--lanolin. The reasoning was that if lanolin (wool grease) was retained in wool on the sheep's back and could be scoured out completely during processing, it would be a good base for a branding fluid that would scour. This idea worked out in practice. From then on, the object of the research has been to perfect the lanolin base.

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#### SCHOOL LUNCH PARTICIPATION HITS NEW RECORD

More than 8,600,000 children participated in the National School Lunch Program during the 1950-51 school year, USDA reports. Participation established a new record, being 10 percent more than in 1949-50 and 42 percent more than in 1946-47, the first year of operation.

The program is designed to improve the health and well-being of the country's children and to broaden the market for agricultural food commodities.

Of a total of 1.4 billion lunches served during the year, 67 percent were complete lunches, compared with 64 percent the year before. The "complete" lunch must furnish at least a third of a child's daily nutritional requirements and consist of a minimum of half a pint of milk; 2 ounces of meat, poultry, fish, or other protein-rich food; three-fourths cup of vegetables or fruit; and a serving of bread and butter or margarine.

## NEW REGULATIONS FOR BUILDING WITH STEEL, COPPER, ALUMINUM

After September 30, 1951, all construction involving more than minor amounts of the controlled materials--steel, copper, and aluminum--will be subject to Government approval.

In the case of on-farm construction and construction of food and fiber processing facilities and wholesale food distribution facilities, USDA has the responsibility for such approval.

Although these construction controls are not expected to have much effect on farm construction, since such building for the most part will not require controlled materials in excess of amounts that farmers may acquire through their own self-certification, they are important to those who intend construction involving large amounts of controlled materials.

In order to assist those planning construction to determine whether they will require USDA approval and to explain how they can procure construction materials up to specified amounts through self-certification, a summary of the effect of the applicable NPA orders and regulations has been prepared.

Persons planning construction for which they feel USDA approval is required should file applications with PMA State offices as soon as possible. Application forms (NPA Form CMP-4C) are available at these offices or field offices of the U. S. Department of Commerce.

Only those construction projects which cannot be self-authorized and self-certified need be covered by applications.

A digest of the effect of the construction regulations follows:

### Digest of Regulations

All construction involving the use of more than certain specified amounts of controlled materials requires Government approval under NPA Order M-4A. With respect to on-farm construction, including farmsteads, food and fiber processing facilities, and wholesale food distribution facilities, approval is the responsibility of USDA under NPA Delegation 14.

At the same time, construction materials involving the use of steel, copper, and aluminum have been brought under NPA's Controlled Materials Program (CMP) through CMP Regulation 6. Under this program, contractors submit to USDA their proposed construction schedules and a statement of the amounts of controlled materials required for the job.

However, NO approval is necessary for construction which does not require more than specified amounts of controlled materials. Details of this exemption are set forth in NPA's Direction 1 to CMP Regulation 6. These so-called self-certification provisions are of the utmost impor-



tance to farmers, food and fiber processors, and wholesale food distributors. In substance, they provide:

Farmers may self-certify up to 2 tons of carbon steel and 200 pounds of copper and copper base alloys per quarter in order to obtain materials for on-farm construction, including farmsteads.

Food and fiber processors and wholesale food distributors may self-certify allotments of up to 25 tons of steel, not to include over  $2\frac{1}{2}$  tons of alloy steel (but NO stainless steel), 2,000 pounds of copper and copper base alloys, and 1,000 pounds of aluminum required per project per quarter for construction purposes.

This means that farmers, food and fiber processors, and wholesale food distributors need not apply for approval to construct a building or for an allotment of controlled materials if their quarterly requirements after September 30, 1951 for a project do not exceed their respective self-certification limits. All projects, either planned or already under way, which will require delivery of more than these specified amounts of controlled materials after September 30, are subject to control and must have construction schedules and materials allotments before they may be started or continued. Form CMP 4-C applications should be filed promptly.

To self-certify an order for construction materials under this regulation, a farmer need only do the following: (1) Place an order for the needed construction materials with his regular supplier; (2) place on the order the following certificate: "Certified under CMP Regulation No. 6"; (3) add the allotment symbol "U-8"; and (4) sign the order.

Food and fiber processors and food wholesalers follow the same procedure to self-certify orders for construction materials, except that they must use the allotment symbol "U-6."

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#### DEFENSE NOTES

Controlled Materials Allotted.--Under the Controlled Materials Program of the National Production Authority, allotments of critical materials--steel, copper, and aluminum--have been made for the fourth quarter of 1951. Of interest to agricultural people are those allotments to the Secretary of Agriculture for construction (on farms, including farmsteads, in food and fiber processing plants, and in wholesale food distribution facilities); the allotments for agricultural machinery and equipment production; and the allotments for containers and packaging. Here is how they shape up and how USDA specialists feel that they will meet estimated requirements:

Allotments to the Secretary for construction include 127,400 tons of steel, 5,520,000 pounds of copper, and 1,900,000 pounds of aluminum. In addition, 75,000 tons of steel, 2,970,000 pounds of copper and 300,000 pounds of aluminum have been set aside for self-certification of construction requirements by farmers, food and fiber processors, and whole-



sale food distributors. (Under NPA regulations, users of certain limited amounts of critical materials for construction purposes are permitted to self-certify orders for such material.) On the basis of applications to USDA for construction materials for fourth-quarter use, which have been submitted so far, and considering that a substantial part of on-farm construction will require materials in amounts which can be self-certified, it is hoped that the allotments will be adequate for the fourth quarter. However, actual construction requirements under the Controlled Materials Program will not be definitely known until the program has been in operation for one or two quarters and construction requirements have reached a normal load level.

The allotments for production of agricultural machinery and equipment made to NPA include 528,400 tons of steel, 8,500,000 pounds of copper, and 5,800,000 pounds of aluminum. Under these allotments, farm equipment production--which until now has been maintained at levels close to estimated requirements--may suffer a cut-back during the fourth quarter, Department officials feel. The steel allotment for the period would permit production at a rate of around 80 percent of the authorized production level during the third quarter of this year, but the allotments of copper and aluminum are more restrictive. These materials are the controlling factor in production of such equipment as tractors, combines, forage harvesters, cotton pickers, sprayers, dusters, and farm irrigation equipment. It is possible that the situation may be eased somewhat by the transfer of copper and aluminum from less urgently needed programs to critical farm equipment items. In any event, any decrease in farm equipment production will not be felt before next spring since fourth-quarter production normally is equipment for spring and early summer farm work.

The allotments for production of containers and packaging materials made to NPA's industry division for these products include 1,615,216 tons of steel, 271,000 pounds of copper, and 17,900,000 pounds of aluminum. Of the total steel allotment, 1,000,000 tons originally were earmarked for production of metal cans (including tin cans) for both food and non-food uses. Since the allotments were made, NPA has informed can manufacturers that this figure should be considered a "floor" rather than a "ceiling" on steel for cans, and added that a minimum of 1,000,000 tons of steel will be available for metal cans each quarter during the 12-month period beginning October 1, 1951. NPA said that during the fourth quarter of this year an additional 100,000 tons of steel is being held in reserve temporarily to be allocated to can manufacturers if they can show essential need. It was indicated that this practice might be continued through succeeding quarters. On the basis of the breakdown of the over-all allotment for containers by NPA for such various types as metal cans, steel drums, wire, nails, USDA container specialists feel that while the supply of containers will continue "tight," there will be enough raw material to validate all container control orders now in effect.

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Freight Rate Increases Granted.--The Interstate Commerce Commission, in a decision issued August 8, authorized the following increases in railroad freight rates: In Eastern Territory (roughly all States east of

the Indiana-Illinois State line and north of the Ohio and the Potomac rivers), a 9 percent increase; in Southern Territory (south of the Eastern Territory and east of the Mississippi River), a 6 percent increase; carriers in the remainder of the country, and interterritorial rates, an increase of 6 percent. Certain maximum increases were prescribed by ICC as follows: Fresh fruits, vegetables, melons, and canned goods, 6 cents per hundredweight; lumber, 4 cents per hundredweight; sugar (cane, beet, corn, etc.), 4 cents per hundredweight; phosphate rock, 20 cents per net ton or 22 cents per gross ton; muriate of potash, manure salts, sulphate of potash, 50 cents per net ton or 56 cents per gross ton. On grain and grain products and byproducts, ICC stipulated a maximum increase of 6 percent to, from, and within all territories. No increase was allowed for refrigerated or heater service charges or in charges for loading or unloading livestock or for unloading fresh fruits and vegetables at New York and Philadelphia. No increase was allowed in demurrage charges. The increased rates and charges may become effective on 15 days' notice to the public (30 days' notice in the case of grains), but not later than October 1, 1951. The authority to maintain the increased rates expires February 28, 1953, unless sooner modified or terminated. ICC ruled that the increases are in the form of surcharges, not to be incorporated into the basic freight rate structure.

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Crawler Tractor Parts Production To Be Increased.--Steps to alleviate the serious shortage of repair parts for crawler-type tractors has been taken by NPA by a supplemental allotment of controlled materials, particularly steel to manufacturers for third-quarter use. In addition, manufacturers have been asked to submit applications for supplemental allotments of controlled materials, up to their maximum capacity to produce repair parts, for subsequent quarters. While it is expected that the NPA action will prove a considerable help, a plentiful supply of repair parts cannot be expected in the immediate future since most producers have a substantial back-log of repair parts orders.

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Fall-Seeded Grain Goals Set.--The 1952-crop wheat production goal announced by Secretary of Agriculture Charles F. Brannan is aimed at a crop of about 1,165,000,000 bushels, nearly 100,000,000 more than is indicated from the 1951 crop. This will be enough to meet anticipated domestic and export needs and still provide for a substantial increase in reserves. This output is expected from a national acreage goal of 78,850,000 acres--a little more than the big acreage planted in 1951. In effect, the 1952 wheat goal calls for a 9 percent increase in production on about the 1951 acreage. The increase asked for in the wheat acreage has been kept to about the 1951 acreage in order to permit greater expansion in feed grain production so vital to our expanding livestock industry. The national barley goal for 1952 is 12,865,000 acres, about 15 percent greater than the 1951 goal, and should turn out about 290,000,000 bushels. Also reflecting the emphasis on feed grain production, the Department is suggesting a minimum oats goal of 6,035,000 acres for the 10 Southern States where this crop is fall seeded. A total of 1,828,000 acres of rye--about the same as the acreage planted for harvest in 1951--has been suggested for 1952.



# Marketing Briefs

(The Production and Marketing Administration announcements summarized below are more completely covered in press releases which may be obtained on request from the Office of Information, U. S. Department of Agriculture, Washington 25, D. C. by citing the code number given at the end of each item.)

Cotton.--Following release of the Crop Reporting Board's first 1951 cotton production estimate of 17,266,000 bales, Secretary of Agriculture Charles F. Brannan on August 8 announced establishment of an open-end export quota for all types of raw cotton. Under the open-end quota, there will be no restriction on quantities of cotton that can be shipped under export licenses. A preliminary export allocation of 3,500,000 bales had been in effect during the early months of the marketing season. The action was in line with Secretary Brannan's previous announcement that it would be Department policy to provide for the export of all cotton not required for domestic consumption and maintenance of minimum reserves. (USDA 1943-51)

Dairy Products.--USDA has recommended that a "supply-demand" factor be added to the pricing provisions of the Cincinnati Federal milk marketing order. This factor would cause Class I and Class II milk prices to change automatically as the proportion of Class I milk (mainly milk for fluid use) varies in relation to the market supply of milk. (USDA 1913-51)...A Federal order to regulate the handling of milk in the Cedar Rapids-Iowa City milk marketing area will become effective September 1. (USDA 1805-51)...USDA has given final approval to a proposed amendment to the Duluth-Superior Federal milk marketing order that would increase the Class I butterfat differential by 12 percent. (USDA 1823-51)...USDA has approved an increase averaging 23.3 cents per hundredweight over the year in the differential affecting the prices of Class I milk under the Paducah, Ky. Federal milk marketing order. (USDA 1802-51)

Fats and Oils.--The Office of International Trade of the Department of Commerce has been authorized to place COCONUT OIL, PALM OIL, and OITICICA OIL on open-end quota for the period July 1-September 30, 1951. Export control of sperm oil is discontinued for this period. Medicinal CASTOR OIL is continued on open-end quota. (USDA 1633-51)

Fruits and Vegetables.--A revision of U. S. standards of grades for APPLES became effective July 23. A U. S. Extra Fancy grade has been added; the U. S. Fancy and U. S. No. 1 grade requirements are the same with the exception of stricter color and russetting requirements for U.S. Fancy; the grade designation of "U. S. Commercial" has been changed to "U. S. No. 1 Cookers"; and the U. S. Utility Early grade has been deleted. (USDA 1504-51)...USDA has announced that it will soon make effective an export payment program, designed to stimulate exports of APPLES and winter PEARS. Payments equaling 50 percent of the export sales price (basis f.a.s. U. S. ports), but not more than \$1.25 per bushel or box, will be made to U. S. exporters who export to eligible countries



fresh apples and pears of specified grades at the reduced prices made possible by the payment. (USDA 1794-51)...Early in August, USDA announced that offers of 291,872 cases (basis No. 2's) of canned red sour CHERRIES had been accepted for delivery from August through October 15, 1951, under the National School Lunch Program. (USDA 1926-51)...Standards for both U. S. No. 1 and U. S. No. 2 grades of SWEETPOTATOES for canning and for sweetpotatoes for dicing and pulping became effective for use July 23. This is the first time standards for grades have been established for these uses. (USDA 1503-51)

Grain.--A September program for commercial and Government exports of 1,695,000 long tons (about 64,500,000 bushels) of bulk WHEAT and COARSE GRAINS has been announced. The September total compares with an August program of 1,707,000 long tons, and consists of 1,325,000 long tons (about 49,500,000 bushels) of wheat and RYE and 370,000 long tons (about 15,000,000 bushels) of coarse grains. (USDA 1847-51)...In July, USDA announced that farmers had put only 51,491,282 bushels of 1950-crop CORN under Commodity Credit Corporation price support through May 1951. This compares with approximately 373,398,000 bushels of 1949-crop corn put under support through May 1950. (USDA 1611-51)...USDA has announced that Commodity Credit Corporation loans on 1949-crop CORN may be extended in areas where it is determined by State Committees of PMA that the corn can be stored safely on farms for another year. This action makes the maturity date for 1949-crop extended reseal corn loans July 31, 1952, or earlier on demand. (USDA 1653-51)

Poultry.--Procedures and instructions for the administration of POULTRY inspection services under a cooperative Federal-State program have been announced by PMA. The instructions cover the basis of employment, training, duties, and qualifications of the Federal-State supervisors and all State employed inspectors to be utilized in the inspection service. The responsibilities of PMA and of the cooperating State agencies are also covered. Included are provisions for the reimbursement of PMA to cover the cost incurred in conducting the service on a Federal-State basis. (USDA 1565-61)

Sugar.--Although per capita consumption of sugar has shown little change since prewar years, per capita consumption of DEXTROSE (corn sugar) has more than doubled and CORN SIRUP consumption has risen nearly one-fourth. This is one finding in a new PMA report, "Competitive Relationships Between Sugar and Corn Sweeteners." (USDA 1912-51)...The time for submitting views and comments on proposed revised standards for grades of MAPLE SIRUP has been extended until January 1, 1952. (USDA 1842-51)

Tobacco.--An average loan rate of 50.7 cents per pound for 1951-crop flue-cured TOBACCO and a schedule of rates by grades have been announced by USDA. The average loan rate of 50.7 cents per pound is 90 percent of the parity price of 56.3 cents per pound as of July 1, 1951, the beginning of the 1951-52 marketing year. Loans covering the 1951 crop will be made available by the Commodity Credit Corporation in accordance with the general program provisions announced on April 13. (USDA 1666-51)

## ABOUT MARKETING

The following address and publications, issued recently, may be obtained upon request. To order, check on this page the items desired, detach and mail to the Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C.

### Address:

Needed Adjustments in the Nation's Agriculture, by Gus F. Geissler, Administrator of the Production and Marketing Administration, USDA, at North Carolina State College Farm and Home Week, Raleigh, August 1, 1951.

### Publications:

Carlot Unloads of Certain Fruits and Vegetables in 100 Cities and Imports in 5 Cities for Canada, Calendar Year 1950. May 1951. 112 pp. (PMA) (Processed)

Use of Recording and Transcribing Equipment in Loading Delivery Trucks of Produce Wholesalers. May 1951. 20 pp. (PMA) (Processed)

The Domestic Wool Clip--Grades, Shrinkages, and Related Data. June 1951. 104 pp. (PMA) (Processed)

Relationship of Staple Length in Grease Wool and Resultant Top. 9 pp. (PMA) (Processed)

Competitive Relationships Between Sugar and Corn Sweeteners. June 1951. 245 pp. (PMA) (Processed)

The San Antonio, Tex., Produce Markets. June 1951. 45 pp. (PMA) (Processed)

Participation of Negro Children in School-Lunch Programs. June 1951. 23 pp. (PMA) (Processed)

Carlot Shipments of Fresh Fruits and Vegetables by Commodities, States, Counties and Stations. June 1951. 53 pp. (PMA) (Processed)

Recommended Specifications for Standard Packs, Containers, and Packaging Materials for Poultry and Poultry Products. July 1951. 89 pp. (PMA) (Processed)

There Is Winter Cover Crop Seed. July 1951. 4 pp. (PMA) (Processed)

U. S. Standards for Broccoli for Processing. July 1951. 6 pp. (PMA) (Processed)

Official United States Standards for Grades of Slaughter Lambs, Yearlings, and Sheep. April 1951. 4 pp. (PMA) (Printed).